

**BOARD OF SUPERVISORS
COUNTY OF YORK
YORKTOWN, VIRGINIA**

Resolution

At a regular meeting of the York County Board of Supervisors held in the Board Room, York Hall, Yorktown, Virginia, on the ____ day of _____, 2005:

Present

Vote

James S. Burgett, Chairman
Walter C. Zaremba , Vice Chairman
Sheila S. Noll
Kenneth L. Bowman
Thomas G. Shepperd, Jr.

On motion of _____, which carried ____, the following resolution was adopted:

**A RESOLUTION TO AUTHORIZE THE ISSUANCE AND SALE
OF SEWER SYSTEM REVENUE REFUNDING BONDS**

WHEREAS, the County of York, Virginia (the "County"), has executed and delivered to Wachovia Bank, National Association, as successor trustee by merger (the "Trustee"), a Master Indenture of Trust dated as of December 1, 1999, as previously supplemented (the "Master Indenture"), under which the County has provided for the issuance of its revenue bonds from time to time to provide funds for the financing of expansions and improvements to the County's sewer system to serve the County; and

WHEREAS, on December 22, 1999, the County issued its \$9,400,000 Sewer System Revenue Bonds, Series 1999 (the "1999 Bonds"); and

WHEREAS, the Board of Supervisors (the "Board") has determined that it is necessary and desirable to issue an additional series of revenue bonds of the County under the Master Indenture (the "2005 Bonds") to use the proceeds of the sale thereof, along with other available money, if any, to (i) refund all or a portion of the 1999 Bonds maturing on June 1, 2010 through June 1, 2015, inclusive, and on June 1, 2017, June 1, 2019, June 1, 2024 and June 1, 2029 (the "Prior Bonds"),

(ii) provide for the required funding of the debt service reserve fund, and (iii) pay the costs of refunding the Prior Bonds and the costs of issuing the 2005 Bonds, including the cost of any municipal bond insurance; and

WHEREAS, the County has determined to sell the 2005 Bonds pursuant to negotiation with one or more underwriters selected by the County Administrator and the Director of Financial and Management Services in consultation with Bassett Financial Management, LLC, the County's financial advisor (the "Financial Advisor"); and

WHEREAS, the foregoing arrangements with respect to the 2005 Bonds will be reflected in the following documents, forms of which on file with the County: (i) the Second Supplemental Indenture of Trust to be dated as of the date approved by the County Administrator (the "Second Supplemental Indenture"), between the County and the Trustee, to which the form of the 2005 Bonds is attached as an exhibit; (ii) the Bond Purchase Agreement to be dated the date approved by the County Administrator (the "Bond Purchase Agreement"), between the County and the underwriter or group of underwriters selected by the County Administrator and the Director of Financial and Management Services; (iii) the County's Continuing Disclosure Agreement to be dated as of the date approved by the County Administrator (the "Continuing Disclosure Agreement"); and (iv) the Escrow Deposit Agreement to be dated as of the date approved by the County Administrator (the "Escrow Deposit Agreement") between the County and the Trustee, as trustee and escrow agent; and

WHEREAS, the Master Indenture and the Second Supplemental Indenture will be referred to collectively herein as the "Indenture" and the Second Supplemental Indenture, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Escrow Deposit Agreement will be referred to herein as the "Financing Documents;" and

WHEREAS, no public hearing under Section 15.2-2606 of the Code of Virginia of 1950, as amended (the "Virginia Code"), is necessary for the issuance of the 2005 Bonds; and

WHEREAS, unless otherwise defined, each capitalized term used in this resolution shall have the meaning given it in the Master Indenture.

NOW, THEREFORE, BE IT RESOLVED by the York County Board of Supervisors this ____ day of ____, 2005, as follows:

1. Authorization of 2005 Bonds and Use of Proceeds. The Board hereby determines that it is advisable to contract a debt and to issue and sell the 2005 Bonds in an aggregate principal amount not to exceed \$8,800,000. The

issuance and sale of the 2005 Bonds is hereby authorized upon the terms set forth herein and upon such other terms as may be determined in the manner set forth herein. The proceeds from the issuance and sale of the 2005 Bonds shall be used, along with other available money, if any, to provide funds to refund the Prior Bonds, including funds to pay principal of and premium and interest on the Prior Bonds until their earliest redemption date, to provide for the required funding of the debt service reserve fund, and to pay costs incurred in connection with such refunding and the costs of issuing the 2005 Bonds, including the cost of any municipal bond insurance.

2. Financing Documents. The 2005 Bonds shall be issued pursuant to the Master Indenture and the Second Supplemental Indenture. The Financing Documents are approved. The County Administrator and the Director of Financial and Management Services, or either of them, are authorized to execute on behalf of the County and, if required, the Clerk of the Board is authorized to affix and attest the seal of the County to the Financing Documents in substantially the forms on file with the County, with such changes, insertions or omissions as may be approved by the County Administrator or the Director of Financial and Management Services, whose approval shall be evidenced conclusively by the execution and delivery of the Financing Documents. Each officer of the County is authorized to execute and deliver on behalf of the County such other instruments, documents or certificates, and to do and perform such other things and acts, as they deem necessary or appropriate to carry out the transactions authorized by this resolution or contemplated by the 2005 Bonds, the Financing Documents, and all of the foregoing, previously done or performed by such officers of the County, are in all respects approved, ratified and confirmed.

3. Pledge of Revenues. The 2005 Bonds shall be limited obligations of the County and principal of, premium, if any, and interest on the 2005 Bonds shall be payable solely from the revenues derived by the County from its sewer system, as set forth in the 2005 Bonds, the Master Indenture and the Second Supplemental Indenture pursuant to which the 2005 Bonds will be issued, and from other funds that have been or may be pledged for such purpose under the terms and conditions of the Master Indenture and the Second Supplemental Indenture. Nothing in this resolution, the 2005 Bonds, the Master Indenture or the Second Supplemental Indenture shall be deemed to pledge the full faith and credit of the County to the payment of the 2005 Bonds.

4. Details of and Sale of Bonds. The 2005 Bonds shall be issued upon the terms established pursuant to this resolution, the Master Indenture and the Second Supplemental Indenture. The 2005 Bonds shall be issued in fully registered form, shall be dated such date as the Director of Financial and Management Services may approve, shall bear interest payable semi-annually at

the rates established as set forth below, shall be in the denominations of \$5,000 each or whole multiples thereof and shall be numbered from R-1 upwards consecutively.

The Board authorizes the sale of the 2005 Bonds to the underwriter or group of underwriters selected by the County Administrator and the Director of Financial and Management Services. The County Administrator and the Director of Financial and Management Services, or either of them, are authorized and directed to execute and deliver the Bond Purchase Agreement providing for the sale and delivery of the 2005 Bonds. The County Administrator and the Director of Financial and Management Services, or either of them, are authorized and directed to determine and approve the final details of the 2005 Bonds, including, without limitation, the aggregate principal amount of the 2005 Bonds, the optional and mandatory redemption provisions and sale price of the 2005 Bonds, provided that (i) the true interest cost of the 2005 Bonds, excluding any bond insurance premium, shall not exceed 4.95%; (ii) the 2005 Bonds shall have a final maturity no later than December 1, 2030; (iii) the sale price of the 2005 Bonds, excluding any original issue discount, shall not be less than 99% of par, and (iv) no optional redemption premium shall exceed two percent (2%) of the principal amount of any 2005 Bonds to be redeemed. The approval of such officer shall be evidenced conclusively by the execution and delivery of the Bond Purchase Agreement.

5. Preparation and Delivery of the 2005 Bonds. The Chairman of the Board is hereby authorized and directed to execute the 2005 Bonds by manual or facsimile signature, the County's seal to be affixed thereto or a facsimile thereof printed thereon and attested by the Clerk of the Board, to deliver the 2005 Bonds to the Trustee, as Paying Agent, for authentication, and to cause the 2005 Bonds so executed and authenticated to be delivered to or on the account of the underwriter or group of underwriters for the 2005 Bonds upon payment of the purchase price therefore as provided in the Bond Purchase Agreement.

6. Disclosure Documents. The County Administrator, the Director of Financial and Management Services and such officers and agents of the County as either of them may designate, are hereby authorized and directed to prepare, execute and deliver, as appropriate, a preliminary official statement, a final official statement, and such other disclosure documents as may be necessary to expedite the sale of the 2005 Bonds. Such preliminary official statement, final official statement, and such other disclosure documents shall be published in such publications and distributed in such manner, including by electronic distribution, and at such times as the County Administrator, the Director of Financial and Management Services or such officers or agents of the County as either of them may designate, shall determine. The County Administrator and the Director of Financial and Management Services, or either of them, are authorized and directed

to deem the Preliminary Official Statement “final” for purposes of Securities and Exchange Commission Rule 15(c)2-12 and to execute and deliver the final Official Statement in substantially the form of the Preliminary Official Statement, with such changes, insertions or omissions as the executing officer may approve.

7. Redemption of Prior Bonds. The County Administrator is authorized and directed to determine which of the Prior Bonds, if any, shall be refunded. The Board authorizes and directs the County Administrator and such officers and agents of the County as he may designate to call each of the Prior Bonds to be refunded for optional redemption on their earliest redemption date. The redemption proceedings, including the giving of redemption notices to the holders of the refunded Prior Bonds, is authorized and shall be done pursuant to the terms of the Master Indenture and the Prior Bonds. The County Administrator and the Director of Financial and Management Services, or either of them, is authorized to execute and deliver the Escrow Deposit Agreement providing for the irrevocable deposit of a portion of the proceeds of the 2005 Bonds in an amount sufficient, when invested as set forth in the Escrow Deposit Agreement, to provide for the payment of the principal of and premium and interest on the refunded Prior Bonds.

8. Municipal Bond Insurance. The County Administrator is authorized to obtain, on behalf of the County, municipal bond insurance to guarantee the payment of principal of and interest on the 2005 Bonds if the County Administrator, in collaboration with the Financial Advisor and the underwriter or group of underwriters selected by the County Administrator and Director of Financial and Management Services, determines that selling the 2005 Bonds insured by a policy would be in the best interest of the County. The County Administrator is hereby authorized to agree to such changes to the form of the Second Supplemental Indenture, the Preliminary Official Statement and the 2005 Bonds as he may consider appropriate to comply with the requirements of the bond insurer.

9. Non-Arbitrage Certificate and Tax Covenants. The County Administrator and the Director of Financial and Management Services, or either of them, are authorized and directed to execute a Non-Arbitrage Certificate and Tax Covenants setting forth the expected use and investment of the proceeds of the 2005 Bonds and containing such covenants as may be necessary in order to comply with the provisions of the Internal Revenue Code of 1986, as amended ("Code"), including the provisions of Section 148 of the Code and applicable regulations relating to “arbitrage bonds.” The Board covenants on behalf of the County that the proceeds from the issuance and sale of the 2005 Bonds will be invested and expended as set forth in the County’s Non-Arbitrage Certificate and Tax Covenants, to be delivered simultaneously with the issuance and delivery of

the 2005 Bonds and that the County shall comply with the other covenants and representations contained therein.

10. Further Actions. The County Administrator and the Director of Financial and Management Services, and such officers and agents of the County as either of them may designate, are authorized and directed to take such further action as they deem necessary or appropriate regarding the issuance and sale of the 2005 Bonds, including without limitation the preparation, execution and delivery of instruments, agreements and documents related to the issuance and sale of the 2005 Bonds, the purchase of municipal bond insurance, surety bonds or policies or other credit enhancement for the 2005 Bonds and the acquisition of qualified defeasance securities (either on the open market or directly from the U.S. Treasury) relating to the investment of the proceeds of the 2005 Bonds. All actions previously taken by such officers and agents in connection with the issuance and sale of the 2005 Bonds are hereby ratified and confirmed.

11. Filing of Resolution. The appropriate officers or agents of the County are authorized and directed to file a certified copy of this resolution with the Circuit Court of York County, Virginia pursuant to Section 15.2-2607 of the Virginia Code.

12. Effective Date. This resolution shall take effect immediately.